



COMPONENTA CORPORATION
Interim Report 1 January - 30 September 2001

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Componenta Group (formerly Componenta Holding Group) had net sales during the first nine months of EUR 147.6 million (Pro-forma net sales of EUR 168.3 million in the same period in the previous year, comparable Pro-forma net sales of EUR 149.1 million). The Group had an operating profit of EUR 7.2 (10.8) million and a profit after financial items of EUR 1.8 (4.6) million. The Group's profit declined from the figures for the previous year as the result of a decline in non-recurring income and an increase in the losses at the Alvesta and Osby production units. The profit after financial items for the current year is estimated to be EUR 3 - 6 million. The Group's order book at the end of the review period stood at EUR 31.7 million (Pro-forma EUR 35.0 million on 1 January).

Trading in the shares of Componenta Corporation (formerly Componenta Holding Corporation) commenced on the main list of the Helsinki Exchanges on 19 March 2001, after the company had carried out the exchange of its shares for those of what is now Componenta Finance Corporation (formerly Componenta Corporation). The income statement of Componenta Group includes the income statement of Componenta Finance Group for the entire review period, since the financial involvement in Componenta Finance Group covers the whole period.

In this interim report, Componenta Group figures for comparison are presented as Pro-forma figures, so that the figures for 1 January - 30 September 2001 are compared with the corresponding period in the previous year and with the whole of 2000. Figures for comparison with the balance sheet and contingent liabilities on 30 September 2001 are presented for the situation on 1 January 2001.

Markets

Demand for heavy trucks in Europe has fallen from the high level at the end of last year. This fall in demand has been a consequence of the slowdown in economic growth in Europe.

After a strong first half of the year, demand for components from Nordic manufacturers of machinery and equipment has weakened in the early autumn with the slowdown in economic growth. One exception is demand for wind generator components, which has remained good. Demand from manufacturers of off-road vehicles has been on the decline.

Changes in group structure

The name Componenta Corporation was adopted at an extraordinary shareholders' meeting held on 8 October 2001, replacing the name Componenta Holding Corporation. The fully owned subsidiary Componenta Corporation in turn changed its name to Componenta Finance Corporation. Both changes of name were registered in the Trade Register on 9 October 2001.

Componenta Finance Corporation became a subsidiary of Componenta Corporation following the offer to exchange and purchase shares, which ended on 9 March 2001. Holders of 89.9 per cent of the shares of Componenta Finance Corporation exchanged their shares for shares in Componenta Corporation and Componenta

Corporation purchased 6.1 per cent of the shares of Componenta Finance Corporation. Through a redemption offer, in accordance with the Securities Market Act, which ended on 23 April 2001, Componenta Corporation acquired 2.2 per cent of the shares of Componenta Finance Corporation. At the end of the redemption offer period, Componenta Corporation owned a total of 98.2 per cent of the shares of Componenta Finance Corporation.

On 24 April 2001 Componenta Corporation decided to initiate the expropriation of the remaining shares of Componenta Finance Corporation, in accordance with the Companies Act. A court of arbitration decided on 12 September 2001 that Componenta Corporation has the undisputed right to redeem the remaining shares of Componenta Finance Corporation, and on the basis of this decision the ownership of Componenta Corporation in Componenta Finance Corporation rose to 100 per cent. A total of 63,941 Componenta Finance Corporation shares were expropriated, the equivalent of 0.62 per cent of the shares and voting rights. The court of arbitration decided on 20 September 2001 that the redemption price should be EUR 3.20.

Trading in the shares of Componenta Finance Corporation was terminated on 12 September 2001 and the shares of Componenta Finance Corporation were delisted from the main list of the Helsinki Exchanges on 25 September 2001.

In February Componenta sold its 50% holding in SEW-Componenta Oy to the other owner of the company, SEW-Eurodrive. At the end of March Componenta sold its 30% holding in Saint-Gobain Pipe Systems Oy to the French Saint-Gobain group, the company's majority shareholder.

In June the Group purchased the shares of Wecometal Oy from the capital investment company Oy Wedeco Ab. Following this transaction the Group owns all the shares in Wecometal Oy. Wecometal, based in Pietarsaari, changed its name to Componenta Pistons Oy. Componenta Pistons Oy designs, manufactures and markets pistons for marine and power plant diesel engines.

In June Componenta sold the shares of Componenta Prometek AB to the company's executive management. In June the Group also sold the business operations of Årskome Oy to a company owned by its executive management. Componenta continues to provide financing for both companies.

In July the Group purchased the entire share stock of the Lempäälä-based company Nisamo Oy from its owner-managing director. The price for the company's shares and real estate relating to the business was EUR 3.5 million. The company changed its name to Componenta Nisamo Oy. Componenta Nisamo Oy has specialized in the manufacture of engine and power transmission components mainly for energy production. Its customers are Finnish companies with global operations.

In August the Group sold 13 per cent of the share stock of its associated company Profiz Busi-

ness Solution Oyj to the company's new managing director. Following this transaction Componenta has a 32 per cent holding in Profiz.

Net sales

The Group had net sales of EUR 147.6 (168.3) million. Net sales for ongoing operations totalled EUR 144.4 million.

Exports and foreign operations accounted for 72% (77%) of the Group's net sales. Net sales by market areas were as follows: Finland 28%, other Scandinavian countries 52%, Central Europe 18% and other countries 2%.

Result and financing

Componenta Group made an operating profit of EUR 7.2 (10.8) million during the review period, and the result after financial items was EUR 1.8 (4.6) million. The result includes net profits from the sale of non-current assets and other non-recurring items, a net total of EUR 1.4 million. The Group's financial costs amounted to EUR 5.5 (6.2) million. The Group's net profit was EUR 2.0 million.

The Group's profit fell from the previous year due to a decline in non-recurring income. Losses at the Alvesta and Osby production units have also increased. Compared to the whole of 2000, the divestment of loss-making operations improved the profit.

The Group's liquidity remained good throughout the review period. The equity ratio including the preferred capital notes and the negative goodwill in shareholders' equity was 31.0% (29.6%, Proforma 1 Jan.). Including the preferred capital notes in shareholders' equity, the equity ratio was 25.3% (23.2% Proforma 1 Jan.).

Cast and other components

Net sales for cast and other components for the nine months totalled EUR 119.9 (121.6) million and the operating profit was EUR 6.1 (9.2) million. The order book at 30 September 2001 stood at EUR 26.3 (29.7) million. The decline in the operating profit was largely due to the loss-making performance of two Swedish production units and to the higher than expected maintenance and sub-contracting costs at the Pietarsaari unit, which reduced the operating profit for the core business from 8% to 5%.

Deliveries of components to the heavy truck industry were at the same level as last year. Delivery volumes to the heavy truck sector remained high in relation to market developments, thanks to the contracts signed last year. Demand has passed its peak, however, and this has shown in a decline in delivery volumes.

Component deliveries to manufacturers of machinery and equipment remained at the same level as last year. Sales to the off-road industry fell 7 per cent.

The Group has adjusted its operations in response to the decline in demand from the heavy truck industry. This has meant action including personnel reductions at units supplying the heavy truck industry.

Restructuring programmes are underway at the loss-making Alvesta and Osby units, which



have been impairing the Group's result. These programmes aim to raise production efficiency and correct the cost structure at the units. At the Alvesta foundry, product rationalization took place and in July a major investment of SEK 15 million was made in a cooling line for castings to raise productivity. As a part of restructuring programme it has been agreed after the negotiations with personnel representatives to decrease personnel by giving notice to about 25 persons. Concerning the Osby machine shop, the Board of Directors of Componenta decided at its meeting on 11 October 2001 to initiate negotiations with personnel with a view to shutting down the unit. Componenta Osby has had annual net sales of EUR 11 million (SEK 100 million) and has 90 employees. The machine shop has made considerable losses in recent years. With this decision Componenta is seeking for possibilities to adapt its cost structure in a situation where most of its customer segments are showing a decline due to the slowdown of the world economy. The target is to carry out the process by summer 2002. A possible shutting down of Componenta Osby AB will have no effect on the profit forecast of the Group for year 2001.

Personnel reductions in the core business operations since the start of the year have involved lay-offs and redundancies affecting about 100 employees. For the end of the year it is estimated that the adjustments to operations will affect totally about 200 employees. The actions are partially structural, so their impact will mainly be seen in 2002. The restructuring programme at the Karkkila foundry was completed during the first half of the year, and the steps taken there have raised the unit's operating result to positive.

Sales of geared components by Componenta Albin have matched expectations. In June Componenta Albin signed a long-term agreement for new generation four-wheel drive components for automobiles. The agreement will require capital expenditure to be made in the coming years at Albin to raise production capacity and boost efficiency.

At the beginning of August the Group purchased the share stock of Nisamo Oy, a machine shop located in Lempäälä that makes components for power generation and wind generators, from its owner and managing director. The company, which employs about 50 people, upgrades heavy castings, from Componenta Suomivalimo and elsewhere, into ready to assemble components. As from the beginning of October, Suomivalimo and Nisamo were organized into a new supply chain that has customers mainly among manufacturers of machines for paper making, power generation and power transmission.

The company has recorded fewer new orders for components for the heavy truck industry than last year. As a result of the structural changes in the heavy truck industry, customers are not starting new projects before they have drawn up their strategic policies for products and components.

Other operations and associated companies

Other operations had net sales during the review period of EUR 23.4 (26.0) million and an operating profit of EUR 0.5 (1.0) million. The order book at 30 September 2001 stood at EUR 5.6 (7.5) million.

The decline in demand from the heavy truck industry also affected order volumes at Componenta Wirsbo. Demand for the aluminium and copper components made by Componenta Traryd has been strong and delivery volumes have risen.

Componenta Group's share of the result of the associated companies was EUR -0.7 (-0.1) million. The loss was mainly due to one-time write-downs made in the 2000 financial statements of the Thermia Group that affect Componenta Group's result for 2001.

Investments

Investments in production facilities carried out during the review period totalled EUR 11.0 (12.1) million. The most significant of these investments were in the cooling line for castings at the Alvesta foundry, the machining centre at Främmeestad, and the pressing line for forged components at Wirsbo. In addition to these, the Group invested in the shares of Componenta Pistons and Componenta Nisamo. Gross investments, including the purchase of Componenta Finance Corporation shares, totalled EUR 48.4 million.

Componenta Group's investments in production facilities for the whole year are estimated to be about EUR 15 million.

Share capital and shares

Trading in the shares of Componenta Corporation commenced on the main list of the Helsinki Exchanges on 19 March 2001. At the end of the review period the company's share capital stood at EUR 19.2 million. The shares have a nominal value of 2 euros. At the end of the period on 30 September 2001 the quoted price of Componenta Corporation shares stood at EUR 2.39. The lowest quoted price during the review period was EUR 2.25 and the highest was EUR 3.40. The share capital had a market value of EUR 23 million. The volume of shares traded during the review period was equivalent to 7.4% of the share stock.

Authorization for share issues and purchasing own shares

The company's Board of Directors has no authorization for share issues or for purchasing the company's own shares.

Exchange of Componenta Finance warrants

Componenta Corporation offered corresponding Componenta Corporation warrants to holders of Componenta Finance Corporation warrants, on the condition that they surrender their Componenta Finance Corporation warrants to Componenta Corporation. A total of 567,847

Componenta Corporation warrants were subscribed. They entitle the warrant holders to subscribe to a total of 567,847 Componenta Corporation shares, or about 5.9 per cent of the number of Componenta Corporation shares at the end of the review period.

Changes in Corporate Management

As from 1 October 2001, Componenta Group's corporate management team consists of President and CEO Heikki Lehtonen, Senior Vice President and COO Yrjö Julin, CFO Sirpa Koskinen, Sales and Marketing Director Jari Leino, Director of Supply Chain 1 Bengt Christensson, Director of Supply Chain 2 Ilkka Manelius, Director of Supply Chain 3 Olli Karhunen, and Communications Manager Pirjo Aarniovuori.

Prospects

The terrorist attacks in the United States have increased economic uncertainty especially in the US markets, and will also have a negative impact on economic prospects in Europe. Their biggest impact will probably be to make consumers and company owners more cautious in their behaviour, which will weaken already sluggish economic growth and keep investments at a low level. It remains to be seen whether the attacks have only a short-lasting impact or whether economic behaviour becomes more cautious in the longer term. In any case, since the terrorist attacks forecasts for economic growth have become more pessimistic.

In the heavy truck industry it is estimated that demand this year will be about 10% lower than in the previous year. The new orders for components signed in 2000 should, however, keep deliveries by Componenta Group in 2001 at almost the same level as in the previous year.

Production by the Finnish general engineering industry has grown during the first half of the year thanks to a high level of export orders and strong domestic demand, but demand in this sector is also expected to decline towards the end of the year. Demand for off-road machines is also expected to slow down towards the end of the year. The strong growth in the construction of wind generators should continue in Europe and the USA. Experts in the field forecast that demand for wind generator components will triple by 2005.

The Group's net sales in 2001 are estimated at about EUR 200 million. Taking into account the increased number of risk factors bringing uncertainty to its operating environment, Componenta Group's profit after financial items in 2001 is expected to be between EUR 3 million and EUR 6 million (2000 Proforma EUR 6.4 million).

Componenta Corporation

INCOME STATEMENT (MEUR)	1.1.-30.9.2001	<i>Proforma</i>	
		1.1.-30.9.2000	1.1.-31.12.2000
Net sales	147.6	168.3	225.7
Other operating income	3.6	6.4	7.4
Share of the associated companies' result	-0.7	-0.1	-0.5
Operating expenses	136.8	156.6	208.7
Depreciation and write-downs	6.4	7.2	9.4
Operating profit	7.2	10.8	14.5
% of net sales	4.9	6.4	6.4
Financial income and expenses	-5.5	-6.2	-8.0
Profit after financial items	1.8	4.6	6.4
Income taxes	0.2	-	-
Minority interest and conversion difference	0.0	-	-
Net profit	2.0	-	-

BALANCE SHEET (MEUR)	30.9.2001	<i>Proforma</i>	
		1.1.2001	
Assets			
Group goodwill	2.4	0.0	
Non-current assets	153.5	155.6	
Current assets			
Inventories	21.8	22.8	
Receivables	49.3	56.1	
Cash and bank accounts	2.0	4.9	
Total current assets	73.0	83.8	
Total assets	229.0	239.4	
Liabilities and shareholders' equity			
Shareholders' equity			
Share capital	19.2	19.2	
Other equity	13.9	11.5	
Preferred capital notes	22.7	22.7	
Total shareholders' equity	55.8	53.4	
Minority interest	2.1	2.1	
Negative goodwill	13.0	15.3	
Liabilities			
Non-current liabilities			
Interest bearing	75.9	78.3	
Interest free	1.8	3.7	
Current liabilities			
Interest bearing	46.1	50.7	
Interest free	34.3	35.8	
Total liabilities	158.1	168.6	
Total liabilities and shareholders' equity	229.0	239.4	



KEY RATIOS	30.9.2001	Proforma 1.1.2001
	Equity ratio, %	15.4
Equity ratio, %, preferred capital notes and negative goodwill in equity	31.0	29.6
Equity per share, EUR	3.44	3.20
Net interest bearing debt, MEUR	111.4	110.7
Net interest bearing debt, MEUR, preferred capital notes in debt	134.1	133.4
Net gearing, %, preferred capital notes and negative goodwill in equity	157.2	156.1
Net gearing, %	380.8	405.3
Order book, MEUR	31.7	35.0
Investments in non-current assets, MEUR (*)	48.4	28.2
Average number of personnel	1,854	1,986
Number of personnel at the end of the period	1,855	1,936
Share of export and foreign activities in net sales, %	72.0	77.0
Contingent liabilities, MEUR (**)	77.0	43.3

(*) Investments in year 2001 include the acquisition of Componenta Finance Corporation shares.

(**) Contingent liabilities for year 2001 include 32.8 MEUR Componenta Finance Corporation shares which have been pledged. The amount of debts secured by the pledge is 3 MEUR.

DERIVATIVE INSTRUMENTS (MEUR)	30.9.2001		Proforma 1.1.2001	
	Nominal value	Current value	Nominal value	Current value
Interest derivatives				
Interest rate swaps	27.2	-0.4	32.3	0.4
Future agreements	-	-	9.0	-0.1
Currency derivatives				
Forward exchange agreements	43.3	0.6	70.1	0.6
Currency swaps	-	-	2.7	0.0

Derivative instruments are used to hedge the Group's foreign exchange and interest rate risks

LARGEST REGISTERED SHAREHOLDERS ON SEPTEMBER 30, 2001

Shareholder	Shares	Share of total voting rights %
1 Lehtonen Heikki	3,681,731	38.29
Lehtonen Heikki	3,336,731	
Helsingin Santapaperi Oy	340,000	
Oy Högfors-Trading Ab	5,000	
2 Etra Invest Oy	802,700	8.35
3 Ilmarinen Mutual Pension Insurance Company	457,600	4.76
4 Sampo Group	437,800	4.55
Sampo Life Insurance Company Ltd	237,800	
Sampo Industrial Insurance Company Ltd	200,000	
5 Seligsson & Co Investment Fund Oyj	272,400	2.83
6 Federation of Finnish Metal Engineering and Electrotechnical Industries	213,400	2.22
7 Lehtonen Anna-Maria	178,823	1.86
8 Local Government Pension Institution Finland	150,000	1.56
9 Finnish National Fund for Research and Development (Sitra)	148,800	1.55
10 Inkinen Simo-Pekka	135,100	1.41
11 Alfred Berg Finland Investment Fund	132,800	1.38
12 Lehtonen Yrjö M	131,040	1.36
13 Alfred Berg Portfolio Investment Fund	128,300	1.33
14 Insurance Company Suomi	116,800	1.21
15 Alfred Berg Optimal Investment Fund	114,200	1.19
16 Other shareholders	2,513,815	26.14
Total	9,615,309	100.00

The members of the Board of Directors own 39.3% of the shares. All shares have equal voting rights.

Componenta Corporation

CORPORATE DEVELOPMENT BY BUSINESS GROUP (MEUR)

		<i>Proforma</i>	<i>Proforma</i>
	1.1.-30.9.2001	1.1.-30.9.2000	1.1.-31.12.2000
Net sales			
Cast and other components	119.9	121.6	167.0
Other business	23.4	26.0	35.9
Divested operations	3.2	19.2	21.0
Others and internal sales	1.1	1.4	1.9
Componenta Group total	147.6	168.3	225.7
Operating profit	1.1.-30.9.2001	1.1.-30.9.2000	1.1.-31.12.2000
Cast and other components	6.1	9.2	12.9
Other business	0.5	1.0	1.4
Divested operations	0.1	-3.0	-3.3
Others and internal sales	0.5	3.7	3.4
Componenta Group total	7.2	10.8	14.5
Order book	30.9.2001	30.9.2000	1.1.2001
Cast and other components	26.3	29.7	27.7
Other business	5.6	7.5	6.5
Divested operations	-	1.2	0.9
Others and internal sales	-0.2	-0.1	-0.1
Componenta Group total	31.7	38.3	35.0

CORPORATE QUARTERLY DEVELOPMENT (MEUR)

				<i>Proforma</i>	<i>Proforma</i>	<i>Proforma</i>	<i>Proforma</i>
	7-9/2001	4-6/2001	1-3/2001	10-12/2000	7-9/2000	4-6/2000	1-3/2000
Net sales	39.8	51.5	56.3	57.4	43.8	61.9	62.6
Operating profit	-0.6	4.0	3.8	3.6	1.2	6.9	2.7
Net financial items	-1.8	-1.7	-1.9	-1.8	-2.0	-2.2	-2.0
Profit/loss after financial items	-2.5	2.3	1.9	1.8	-0.8	4.7	0.7

QUARTERLY DEVELOPMENT BY BUSINESS GROUP (MEUR)

				<i>Proforma</i>	<i>Proforma</i>	<i>Proforma</i>	<i>Proforma</i>
	7-9/2001	4-6/2001	1-3/2001	10-12/2000	7-9/2000	4-6/2000	1-3/2000
Net sales							
Cast and other components	33.1	41.6	45.2	45.4	35.1	43.6	42.9
Other business	6.3	8.2	8.9	9.8	6.8	9.6	9.6
Divested operations	0.1	1.3	1.8	1.9	2.0	8.1	9.0
Others and internal sales	0.3	0.4	0.4	0.4	-0.1	0.5	1.0
Componenta Group total	39.8	51.5	56.3	57.4	43.8	61.9	62.6
Operating profit	7-9/2001	4-6/2001	1-3/2001	10-12/2000	7-9/2000	4-6/2000	1-3/2000
Cast and other components	-0.2	2.9	3.4	3.7	0.7	4.1	4.3
Other business	0.0	0.2	0.3	0.5	-0.1	0.6	0.5
Divested operations	0.0	0.3	-0.2	-0.3	-0.2	0.2	-2.9
Others and internal sales	-0.4	0.6	0.3	-0.4	0.8	2.0	0.8
Componenta Group total	-0.6	4.0	3.8	3.6	1.2	6.9	2.7
Order book	30.9.2001	30.6.2001	31.3.2001	1.1.2001	30.9.2000	30.6.2000	31.3.2000
Cast and other components	26.3	25.9	27.0	27.7	29.7	27.7	24.8
Other business	5.6	5.2	5.8	6.5	7.5	7.4	6.5
Divested operations	-	-	0.8	0.9	1.2	1.1	5.2
Others and internal sales	-0.2	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Componenta Group total	31.7	31.0	33.5	35.0	38.3	36.1	36.4

Helsinki, 12 October 2001
Componenta Corporation
Board of Directors

COMPONENTA

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